

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, THE
EMPLOYEES RETIREMENT SYSTEM OF THE
GOVERNMENT OF THE COMMONWEALTH OF
PUERTO RICO, AND THE PUERTO RICO PUBLIC
BUILDINGS AUTHORITY,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**DECLARATION OF MERCEDES MARTINEZ PADILLA IN SUPPORT OF
TEACHERS' ASSOCIATIONS' MOTION FOR STAY PENDING APPEAL
REGARDING: ORDER AND JUDGMENT CONFIRMING MODIFIED EIGHTH
AMENDED TITLE III JOINT PLAN OF ADJUSTMENT OF THE COMMONWEALTH
OF PUERTO RICO, THE EMPLOYEES RETIREMENT SYSTEM OF THE
GOVERNMENT OF THE COMMONWEALTH OF PUERTO RICO, AND THE
PUERTO RICO PUBLIC BUILDINGS AUTHORITY [DOCKET NO. 19813]**

I, Mercedes Martinez Padilla, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information and belief:

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

1. My name is Mercedes Martinez Padilla, resident of Toa Baja, of 43 years of age, single, Elementary English Teacher with no tenure and I have been president of the *Federación de Maestros de Puerto Rico, Inc.* ("FMPR") since the year 2015.
2. The FMPR has over 2,500 affiliates who are both participants and retirees of the Teachers' Retirement System ("TRS").
3. Since the FMPR is not the exclusive representative of all the teachers of the Department of Education, its membership is small and voluntary.
4. As president of the FMPR, I have specific and personal knowledge of the damage that the effectiveness of the Plan of Adjustment will cause to the economic wellbeing of teachers and pension recipients.
5. The Plan of Adjustment changes the nature of the TRS from defined benefits to one of defined contributions. Therefore, the amount of the pension accrued by a teacher at the moment of retirement is uncertain. In addition, it substantially reduces the pensions of teachers who will retire in the future. This reduction will cause many teachers to live in poverty since their pensions will not cover their family needs.
6. The Plan of Adjustment dismantles the TRS by eliminating several articles of the enabling law without any legislative text to replace it, which will create problems and controversies in implementing these changes and in the operation of the TRS. This legal void, in turn, will delay or disrupt the operations of the TRS.
7. There are currently more than 20,000 teachers in a precarious position and uncertainty due to the imposition of the Plan of Adjustment. Many of these teachers could resign from their jobs because of losing their defined benefits pension.
8. Such resignations will also affect FMPR as it will substantially lose members with the mass exodus of teachers.
9. Teachers are essential public servants for the much-needed country's economic growth. The Plan of Adjustment will bring instability and poverty to this critical sector of the population, thus impairing the ability to fulfill the obligations of the Plan of Adjustment.
10. The FMPR carried all the possible steps available and within its reach to avoid this damage to current and future pensions. For example, it appeared before the Legislature of Puerto Rico, the Governor, and the Courts to prevent damage to the present and future pensions.

Also, the Teachers voted NO to the agreement between the Oversight Board and the *Asociación de Maestros de Puerto Rico-LS* and voted NO in the Prime Clerk's ballots.

11. The damages that the teachers will suffer due to the Plan of Adjustment are irreparable since they have no other remedy in law to be compensated or mitigated. Moreover, the Plan of Adjustment prohibits the Legislature of Puerto Rico from enacting laws to reduce or eliminate the cuts suffered to their pensions and benefits.
12. The only remedy in law remaining to the members of the FMPR is to appeal the Confirmation Order to the Court of Appeals for the First Circuit.
13. The FMPR's right to appeal would only be effective if the consummation of the Plan of Adjustment is stayed and the effective date is delayed.
14. Unless the consummation of the Plan is stayed, the appellate rights of the members of FMPR will be frustrated as the Court of Appeals could dismiss the claims as moot.
15. When comparing the damage that more than 20,000 teachers will suffer and the effect of the resignation of hundreds or thousands of teachers with the mere delay in the consummation procedures of the Plan, it is reasonable and in the best interest of all parties to stay of the consummation of the Plan until the Court of Appeals can adjudicate the appeal.
16. In my personal case, due to the Plan of Adjustment as confirmed by the Court my pension will freeze effective on March 15, 2022. Under Law 91-2004 my lifetime pension would have been **\$1,456.24** a month at age 58 with 30 years of service, which is 75% of my thirty-six highest salaries, or by purchasing time from my vacation license, which would have allowed me to retire at age 56.
17. If the freeze is put into effect on March 15, 2022, I would only receive a lifetime monthly pension of \$491.39, which is the 95% of the 1.8% of my monthly salary, multiplied by the years of service I have worked in the Department of Education prior to the freeze date: March 15, 2022.
18. This will represent a net loss of my lifetime pension of **\$964.34** per month once I retire.
19. In addition to this, my retirement age will increase to 63 years of age, therefore I am required to work more years to receive a lower pension, cutting almost 67% of what I expected to receive once I retired as stated in my contract with the Department of Education.

20. After the freeze date, I would receive approximately \$59.54 monthly from my new defined contribution account, which will not last a lifetime, at 2.3% deduction of my salary monthly. Once I reach 78 years of age, this amount will end, impoverishing me even more.
21. I will also be added to pay social security, but teachers in Puerto Rico have not been granted social security in full once they retire, losing from 30 to 40% of what its expected.
22. This situation has affected my emotional and mental health. It leaves me in a limbo and difficult situation.
23. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief.

Dated: February 1, 2022

A handwritten signature in blue ink, appearing to read "Mercedes H. Martínez", written over a horizontal line.

Signature

Mercedes Martínez

Declarant's name